

AGENDA: December 7, 2004

4.22

CATEGORY: Consent

DEPT.: Council Finance Committee

TITLE: Consideration of a Two-Year CDBG
Budget Cycle

RECOMMENDATION

Approve the Council Finance Committee recommendation that the City Council implement a two-year budget cycle for the CDBG Program funding process beginning with Fiscal Year 2005-06.

FISCAL IMPACT – None.

BACKGROUND

At the conclusion of the Fiscal Year 2004-05 budget process, the City Council referred to the Council Finance Committee (CFC) consideration of a number of issues surrounding implementation of a two-year budget and other possible approaches to streamline the budget process. One of the topics of consideration was the implementation of a two-year budget cycle for the CDBG Program. On October 25, 2004, the CFC met to review a number of budget streamlining options, including a two-year CDBG budget cycle (background report for this meeting is provided under Attachment 1). The CFC discussed these issues again at their November 29, 2004 meeting and reviewed the information in the attached memo from staff describing how a two-year CDBG budget cycle would work (Attachment 2). The CFC agreed to take the recommendation for a two-year CDBG budget cycle to Council on December 7, 2004 so that the two-year cycle can be implemented beginning Fiscal Year 2005-06. The other budget streamlining recommendations will be presented for Council consideration in January 2005 so the new Council can have an opportunity to review and comment on the recommendations.

In recent years, a number of cities have adopted a two-year budget cycle for the CDBG Program. A two-year cycle has proven effective in streamlining the funding process, providing nonprofits with more certainty over their finances and reducing the administrative time that nonprofits and the City spend on the funding process. This allows more staff time for carrying out projects and providing services.

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PUBLIC NOTICING

As required by the U.S. Department of Housing and Urban Development (HUD), a notice has been mailed to all agencies and individuals on the City's CDBG interest mailing list, informing them of the December 7, 2004 Council meeting regarding a two-year funding process. A notice has also been placed in the *San Jose Post Record*, and the agenda has been posted. The December 7, 2004 Council meeting will meet the HUD requirement for a public hearing before making changes to the CDBG funding process.

Prepared by:

R. Michael Kasperzak, Jr., Chair
Council Finance Committee

RMK/AG/6/CAM
850-12-07-04M-E^

Attachments: 1. Staff Report for the CFC's October 25, 2004 Meeting
 2. Memo Regarding Two-Year CDBG Funding Cycle